

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6088

BILL NUMBER: SB 373

NOTE PREPARED: Nov 5, 2003

BILL AMENDED:

SUBJECT: Insurer Use of Credit Information.

FIRST AUTHOR: Sen. Howard

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits use of credit information in connection with insurance coverage. The bill repeals certain statutes concerning use of credit information by insurers in connection with the issuance of a personal insurance policy.

Effective Date: July 1, 2004.

Explanation of State Expenditures: Individuals suspected of violating the prohibition commit an unfair and deceptive act or practice in the business of insurance and may be subject to a hearing by the Commissioner of Insurance. Expanding the prohibition to all insurance will increase the number of violations for which a hearing may ensue; however, the Department of Insurance should be able to handle any additional expenses given its current budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

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